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SUBJECT: GOI HOLDS BUDGET EXECUTION CONFERENCE

11. (SBU) Summary: The Government of Iraq hosted a day-long conference on 'Accelerating Budget Execution' on March 7, 22007. Led by Minister of Finance Bayan Jabr, Deputy Prime Minister Barham Salih, and Minister of Planning and Development Coordination Ali Baban, the conference was attended by GOI ministers, governors, and senior provincial representatives and their staffs. Some 200 Iraqi officials attended the event along with a small group of international observers, and a large press presence. The importance of implementing the capital budget was a unanimous message throughout the conference; speakers addressed both corruption concerns and the penalties of slow spending. There was also time for questions and statements from the audience, which largely contributed to an open, constructive discussion. The conference organizers distributed a CD-ROM with budget documentation, spending guidelines, and contracting regulations. The Embassy Baghdad Budget Execution Task Force has encouraged the GOI to hold this type of conference for several months, and held a follow-on conference for Coalition Provincial Reconstruction Teams on March 8 and 9. End summary.

"Our Responsibility is to Spend"

22. (U) Deputy Prime Minister Barham Salih, Minister of Finance Bayan Jabr and Minister of Planning and Development Coordination Ali Baban opened the conference, each emphasizing the need to execute the capital budget. DPM Salih and MoF Jabr both highlighted the article in the 2007 budget law that allows for a reallocation of funding from under-spending ministries and provinces after a mid-year review. Several speakers tried to mitigate concerns that taking routine spending decisions might open them up to accusations of corruption. "Our responsibility is to spend," said DPM Salih. The head of the Board of Supreme Audit (BSA), Dr. Abdul Bassit Turki, and the head of the Commission on Public Integrity (CPI), Judge Radhi al Radhi, both encouraged the audience to execute the budget "properly". The Minister of Finance also emphasized the role of the Council of Representatives (CoR) in oversight of government spending. Yanadam Kanna, Vice Chair of the Economic Committee at the CoR, gave remarks that listed security problems, lack of qualified personnel, and the inexperience of CPI as the primary reasons for slow budget execution.

A Constructive Discussion

33. (U) The audience of over 200 people included ministers or deputy minister of the ministries of Electricity, Defense, Interior, Industry and Minerals, and Housing and Construction and the governors, deputy governors and provincial council chairman of Anbar, Baghdad, Salah ad Din, Wasit, Al Qadisiyyah, Karbala, Najaf, Diyala, Kirkuk, Ninewa and

others. The audience participated actively in the discussion throughout the conference, both during the morning in response to formal remarks and in the open session in the afternoon. Pointed questions on payments, allocations, spending authority limits and requests for training were made directly to the ministers involved. Minister Jabr raised the draft Provincial Powers law to emphasize the legislative, rather than executive, nature of the Provincial Councils. (Note: The draft Provincial Powers law has had its first reading at the Council of Representatives. End note.)

The CD-ROM: Clarifying Instructions

14. (U) The conference organizers distributed a CD-ROM with budget documentation, spending guidelines and contracting regulations, including topics such as letters of credits and feasibility studies. Some of these documents were the result of intensive negotiations between the Ministry of Finance and the Ministry of Planning and Development Coordination over the past few weeks; they reflect a joint MoF and MoPDC product and resolve past issues of conflicting regulations from the two ministries most responsible for budget execution oversight.

Comment

15. (SBU) The GOI Budget Execution Conference is a good first step in addressing confusion regarding regulations and fears of accusations of corruption, two major obstacles to successful budget execution in Iraq. The discussions were

BAGHDAD 00000843 002 OF 002

frank and constructive, and represented officials from almost all of the related government entities. The Embassy Baghdad Budget Execution Task Force has encouraged the GOI to hold this type of conference for several months. A follow-on conference for Coalition Provincial Reconstruction Teams met on March 8 and 9. It disseminated and reviewed the GOI budget execution material and shared best practices on tracking projects and contracting.
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